

Message Text

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ORIGIN COME-00

INFO OCT-01 EUR-12 IO-13 ISO-00 EB-08 AGRE-00 LAB-04
TRSE-00 STR-07 CEA-01 CIAE-00 DODE-00 FRB-03 H-01
INR-10 INT-05 L-03 NSAE-00 NSC-05 PA-01 CTME-00
AID-05 SS-15 ITC-01 ICA-11 SP-02 SOE-02 OMB-01
DOE-15 JUSE-00 AF-10 ARA-10 EA-10 NEA-11 /167 R

DRAFTED BY COM:TNAD:OITP:BIEPR:MMALASHEVICH
APPROVED BY EB/OT:SEAHMAD
COM:TNAD:OITP:BIEPR:DSCHLECHTY
COM:BEWT:DLAMB
STATE:EUR:GBOUTIN/GMONROE
USDA:GWHITE
LABOR:RSCHULMAN
TREASURY:PMCCARTHY
STR:DMCMINN
STATE:EB:ITP:JSPIRO/HCLARKE

-----042475 131753Z /43

P 131728Z JUN 78
FM SECSTATE WASHDC
TO USMISSION GENEVA PRIORITY
INFO AMEMBASSY BUDAPEST PRIORITY
AMEMBASSY PRAGUE
AMEMBASSY SOFIA
AMEMBASSY BUCHAREST
AMEMBASSY WARSAW
AMEMBASSY BRUSSELS
AMEMBASSY OTTAWA

C O N F I D E N T I A L STATE 149569

USMTN

E.O. 11652: GDS

TAGS:ETRD:GATT:SZ,XH,CA
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SUBJECT: EASTERN EUROPE IN THE MTN

REFS: (A) GENEVA 08323; (B) GENEVA 07554

1. WASHINGTON AGENCIES WELCOME RECOMMENDATIONS OF
ALTERNATIVE MEANS OF OBTAINING RECIPROCITY FROM EASTERN

EUROPE IN THE MTN. WE DO NOT, HOWEVER, CONSIDER ACCEPTABLE SUGGESTION BY CANADIAN MTN DEL THAT WESTERN COUNTRIES SEEK RECIPROCITY THROUGH EES' ADHERENCE TO GOVERNMENT PROCUREMENT CODE ON A LIMITED PRODUCT SECTOR BASIS (REF. A).

2. THERE ARE A NUMBER OF PROBLEMS WITH EES' PARTICIPATION IN THE GP CODE IN GENERAL, DIFFICULTIES THAT LEAD US TO DISCOURAGE, RATHER THAN ENCOURAGE, EES TO SIGN CODE. A. FIRST, THE REQUIREMENT FOR TRANSPARENCY WOULD RENDER EES' ADHERENCE NEARLY IMPOSSIBLE. TO DATE, ROMANIA AND POLAND HAVE BEEN UNABLE OR UNWILLING TO MAKE READILY ACCESSIBLE TO POTENTIAL FOREIGN SUPPLIERS EVEN SUCH BASIC INFORMATION AS MONTHLY BALANCE OF PAYMENTS STATISTICS (REF. B). WASHINGTON AGENCIES ARE THEREFORE DOUBTFUL THAT THESE COUNTRIES WOULD SATISFY THE BASIC INFORMATIONAL

REQUIREMENT OF THE CODE.

B. SECOND, THE USG IS SEEKING THE FORMULATION OF A SELF-BALANCING GP CODE, AND WHILE EES' MIGHT DERIVE SIGNIFICANT BENEFITS FROM THE CODE, WASHINGTON AGENCIES ARE SKEPTICAL THAT EES COULD ACCEPT THE RESPONSIBILITIES ATTACHED THERETO, PARTICULARLY DUE TO THEIR STRONG ECONOMIC TIES WITH OTHER CEMA COUNTRIES WHICH RESULTS IN DISCRIMINATORY SOURCING. CONFIDENTIAL

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C. THIRD, THE MODIFICATION OF THE GP CODE IN ORDER TO MAKE IT APPLICABLE AND ACCEPTABLE TO NON-MARKET ECONOMIES WOULD RESULT IN A LESS EFFECTIVE CODE.

3. THERE ARE ALSO DIFFICULTIES THAT ARE PECULIAR TO CANADA'S SUGGESTION FOR EES' PARTICIPATION IN THE GP CODE ON A LIMITED PRODUCT BASIS. THE CODE, BEING PURCHASING-ENTITY-ORIENTED RATHER THAN PRODUCT-ORIENTED, IS ADAPTED TO PURPOSES OTHER THAN INCREASING PURCHASES OF ONE PRODUCT (E.G., AIRCRAFT) OVER OTHERS. ONE COROLLARY TO THIS IS THAT THE GOC'S SUGGESTION APPEARS TO BE A FORM OF REQUEST FOR EE SECTORAL IMPORT COMMITMENTS, WHICH U.S. OPPOSES. THE EFFECT OF EES' ADHERENCE TO THE CODE ON A PRODUCT BASIS MIGHT BE TO IMPROVE SELECTED FOREIGN SUPPLIERS' ABILITIES TO SELL TO EE GOVERNMENTS AT THE EXPENSE OF OTHER EE PURCHASES.

4. ALTHOUGH WE APPRECIATE CANADIAN DEL'S EFFORTS TO DISCOVER ALTERNATIVE APPROACHES TO EASTERN EUROPE IN THE MTN, WASHINGTON AGENCIES BELIEVE EES' PARTICIPATION IN THE GP CODE COULD BE DETRIMENTAL TO THE USG'S EFFORTS TO ACHIEVE A MEANINGFUL CODE WITHIN MTN TIMEFRAME. THIS DOES

NOT IMPLY, HOWEVER, THAT THE USG WOULD NOT CONTINUE TO ENCOURAGE EES' PARTICIPATION IN OTHER CODES, INCLUDING CUSTOMS VALUATION AND STANDARDS. SHOULD ONE OR MORE EES MODIFY THEIR ECONOMIC SYSTEMS SUFFICIENTLY TO ENABLE THEM, IN THE FUTURE, TO FULFILL THE GP CODE OBLIGATIONS, WE MIGHT THEN RECONSIDER THEIR PARTICIPATION. CHRISTOPHER

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Concepts: EAST WEST TRADE, MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 13 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
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Handling Restrictions: n/a
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Legacy Key: link1978/newtext/t19780664/aaaacdhl.tel
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Litigation History:
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TAGS: ETRD, SZ, XH, CA, GATT
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